

**ECONOMIC DEVELOPMENT, HIGHER EDUCATION & ENERGY
COMMITTEE**

of the

Suffolk County Legislature

A regular meeting of the Economic Development, Higher Education & Energy Committee of the Suffolk County Legislature was held in the

Rose Y. Caracappa Legislative Auditorium of the William H. Rogers Legislature Building, Veterans Memorial Highway, Smithtown, New York, on August 16, 2006.

Members Present:

Legislator Wayne Horsley • Chairman

Legislator Ricardo Montano • Vice Chairman

Legislator Jon Cooper

Legislator Thomas F. Barraga

Legislator Lynne Nowick

Also In Attendance:

Legislator Vivian Vilorio • Fisher

Ian Barry • Assistant Counsel to the Legislature

Joe Schroeder • Suffolk County Legislature Energy Specialist

Joe Muncy • Budget Review Office

Brendan Stanton • Aide to Chairman Horsley

Bob Martinez • Aide to Vice Chairman Montano

Paul Perillie • Aide to Legislator Cooper

Greg Moran • Aide to Legislator Nowick

Ben Zwirn • County Executive's Office

Jim Morgo • Commissioner of Economic Development

Sandy Sullivan • Legislative Director of AME

John Busa • US Web, Inc., President

Vinnie Pelliteri • US Web, Inc., Consultant

Dennis Quaranta • Winergy, LLC, President

Michael C. Keller • Trailblazer District, Suffolk County Council, BSA

All Other Interested Parties

MINUTES TAKEN BY:

Lucia Braaten • Court Stenographer

MINUTES TRANSCRIBED BY:

Kim Castiglione, Legislative Secretary

(The meeting was called to order at 9:34 AM)

CHAIRMAN HORSLEY:

All right. Good morning everybody. Welcome to the Economic Development, Higher Education and Energy Committee meeting of August 16th. And to start off the meeting would we please all stand for the Pledge of Allegiance.

(Salutation)

And may we all stand for a moment of silence for those soldiers of the United States who are supporting our freedoms across the world.

(Moment of Silence)

Thank you very much. All right. Again, good morning, and I believe this meeting will prove to be •• prove to be interesting. I have a couple of pieces of business before we do our morning presentation. The first piece of business, because I know she has a busy schedule, is I wanted to call up Ms. Patricia McMahon. Pat, why don't you sit? It is more comfortable. Sit at the table and join us.

Pat McMahon •• we passed in our last meeting •• we've passed on to the full Legislature Pat McMahon's resume and recommendation to become the Chairperson of the newly created Local Development Corporation, an LDC. Unfortunately, the day that we had our committee hearing, Pat, who is a very, very busy person may I add, is •• was out of town. And I've asked Pat

to come down to say hello and just to give us a little background about herself and her qualifications to Chair the LDC.

And by the way, the LDC is to further •• furtherance the growth of business incubators, minority business incubators, throughout the County, which is a role that is dear to my heart in that we have created the first one, which is still not on•line but it is in its works over in North Amityville and we're very proud of that. It was a concept that was born by the citizens of North Amityville, NACEC, the North Amityville Community Economic Council, involving itself with not only with the Town of Babylon, the County, the State and others. And it is truly •• it's an interesting concept of furtherance, the economy, in particular the minority economy and women of Suffolk County.

Pat, I've •• just to begin with, Pat I've known for many, many years, and the •• you could go on forever about her resume. It's before us. But let me just tell you that she was the first woman Vice President of Hazeltine and is now a Vice President of Northrop Grumman and has a long history in the defense industry. And frankly, she's a woman of distinction, not only because you are, but because she's been recognized as such. Pat, why don't you just give a little bit about yourself and introduce yourself to the committee.

MS. McMAHON:

Surely. As Wayne said, I'm Pat McMahon. I've been a resident of the Town of Babylon for most of my life, a short stint out, but most of my life. I am a Vice President at Northrop Grumman. I am the only woman executive at the Bethpage facility.

Also, I've been very active in the Town of Babylon. I Chaired the Industrial

Development Agency in the Town of Babylon and it makes me happy to see we're making progress in North Amityville because we were working with them then as they were cleaning up the corner and so forth and trying to bring business to that area.

I'm a member of the Zoning Board of Appeals when Legislator Horsley was the Chair. I'm also the Chairman now of the Town of Babylon Planning Board. I'm active on several organizations in Suffolk County. I'm on •• a member of the Farmingdale Foundation Board, SUNY Farmingdale. I'm a member of the Stony Brook Women in Science and Engineering Board at SUNY Stony Brook, and I'm also on the Board of LISTnet, the Long Island Software and Technology Network. So I try to have a presence in the community both because I enjoy it, and also because Northrop Grumman likes to have a strong presence in the community, and we've all made that a goal.

As Wayne said, I have been recognized as one of the top 50 women on Long Island in 2004 and 2006. I look forward to doing this. As Wayne knows, I share his love of economic development and improving communities so I look forward to this.

CHAIRMAN HORSLEY:

Thank you very much, Pat, and as always it's a pleasure. Ms. Nowick.

LEG. NOWICK:

Good morning.

MS. McMAHON:

How are you? Nice to meet you.

LEG. NOWICK:

Nice to meet you, and you seem very highly qualified. I just, and this is not my question, but I'm just thinking as one of the top women of the year, do you still have to cook dinner at home?

MS. McMAHON:

I still cook once in a while, yes. I did last night.

LEG. NOWICK:

I just want know •• because, you know, if you've conquered that. Pat, I just need to ask this question because it sounds like and Legislator Horsley has said you are very, very busy and I know we've been trying to get you in here for a few months. How often does this committee meet, the committee that Pat is going to Chair?

CHAIRMAN HORSLEY:

Okay. I can answer that question, but I think maybe •• I'll let Mr. Morgo answer it.

MS. McMAHON:

We already discussed that before the meeting because that was my concern.

CHAIRMAN HORSLEY:

The LDC is just a newly created •• we just recently created it through legislation last month, but maybe Mr. Morgo can ••

LEG. NOWICK:

Good morning, Jim. How are you?

MR. MORGO:

Good morning. It hasn't met.

LEG. NOWICK:

What are your plans? How often will it meet?

MR. MORGO:

Initially it's going to meet quite a bit, I would say two or three times a month for it's organizational. It is currently being incorporated. The incorporation papers have gone to Albany. We're •• the department is grateful for your

nomination and hopefully approval of Pat because she brings that kind of background that a fledgling organization is going to need. It's brand new.

All the members have not been named yet. We did receive a •• one of the •• another appointee from the Presiding Officer, but there are still other names. The County Executive still has to get us a couple of names. So as soon as we have a full board we'll begin the organizational meetings and I would say initially at least it would be at least two or three times a month.

LEG. NOWICK:

And that just brings me back to the question. It seems •• I know that you're very, very busy. Is that something you'll be able to commit to?

MS. McMAHON:

I don't think that's an issue. I think I can. The Planning Board meets every Monday night. I think I've missed less meetings than most of my members. If it's on my calendar I can usually be here. I think there was a little confusion between our calendars why I didn't get here sooner. I did miss the last meeting, I was out of town. Once I organized the calendar with Jim, because I had that question before we started this hearing, it will be on my calendar, and if I commit to something, I'm there. I think LISTnet would tell you that, I think Farmingdale would tell you that, and I think the Planning Board would tell you that.

LEG. NOWICK:

And if that's true it sounds like you are so highly qualified and I would thank

you for being a part of this.

MS. McMAHON:

I appreciate that.

CHAIRMAN HORSLEY:

Okay. Are there any further questions from the board? All right.

LEG. COOPER:

I have one.

CHAIRMAN HORSLEY:

Please, Legislator Cooper.

LEG. COOPER:

Just curious, what happened in 2005?

MS. McMAHON:

I don't know. I was going to say that myself.

LEG. COOPER:

What's with that? What were they thinking?

MS. McMAHON:

Truthfully, I think they try to alternate. But I don't know. We have a joke that said which number are you and we always kid around that John Kominicki from Long Island Business News holds it a secret.

LEG. COOPER:

You don't pay attention to what number are, do you. Okay. Thanks.

CHAIRMAN HORSLEY:

Do they actually give you pins on what number you are?

MS. McMAHON:

No. They will never ••

CHAIRMAN HORSLEY:

Not being a person of distinction, I mean.

MS. McMAHON:

What's funny is that he also does this top 100 influences on Long Island and some of you have been there, I believe. I think you were on it last time, right?

LEG. COOPER:

Yes, I was.

MS. McMAHON:

And you remember that Duke said he was trying to pay John off to find out what number he was. My boss was one of the top 100. So I don't know. But I don't know what happened in 2005.

CHAIRMAN HORSLEY:

We'll certainly get to the bottom of this. All right. Are there any other questions from the Legislature? All right.

MS. McMAHON:

Thank you very much.

CHAIRMAN HORSLEY:

That being the case, Pat what we're going to do is we've already passed your •• this recommendation along to the full Legislature. It will be voted upon •• at least we expect it to be voted upon next Tuesday.

MS. McMAHON:

Thank you very much.

CHAIRMAN HORSLEY:

You don't have to be there for that. If you'd like you are always welcome, but you never know when it will actually come up for a vote and it could be long.

MS. McMAHON:

That's true. I appreciate that. Thank you.

CHAIRMAN HORSLEY:

Okay. Thank you. All right. I'm going to be moving to the public portion of the hearing. I only have two cards. May I introduce to you Vincent Pellitteri, who is the Empire Zone regionally significant project, US Web. Jim, how did you want it •• I didn't realize who they were until I read the card. How do you want to handle this?

MR. MORGO:

If you'd like, if the committee would like, how about if I come up with Mr. Pellitteri and Mr. Busa. I only have two IR's that I want to talk to you about so we can probably do them right away.

CHAIRMAN HORSLEY:

And that's also John, right, both your cards. So, yes, why don't we do that now.

LEG. NOWICK:

Is that part of the presentation?

CHAIRMAN HORSLEY:

No. This is a regionally significant project that is going to go into the Empire Zone that Jim is •• and understandably very proud of and wants to introduce these two gentlemen.

MR. MORGO:

Good morning, again.

CHAIRMAN HORSLEY:

Good morning.

MR. MORGO:

If I may, I'd like to talk about IR 2026. It's a local law, so you won't be taking any action and there'll be a hearing at your Legislative meeting next Tuesday. US Web made application to Suffolk County's Empire Zone to become a regionally significant project, which as you'll remember from Telephonics, is sort of a floating Empire Zone. And US Web has to meet certain criteria to be approved by New York State.

What is necessary, however, is that both the municipality where the company is located, in this case it's Huntington, and the County have to pass local laws designating the area as a regionally significant project. There are criteria that the applicant must meet and the most critical is the creation of jobs for manufacturing. The industry has to create 50 new jobs.

As I said, you won't be voting on this because it's a Local Law today, but I thought it in this kind of more comfortable setting rather than before the full Legislature, it would be good if Mr. Busa, the President and CEO of US Web, and Mr. Pellitteri, a consultant for US Web on this endeavor, spoke to you, introduced the company and answered any of your questions. They will both be at the full Legislature's meeting on Tuesday for the public hearing. So if I may introduce John Busa, Vincent Pellitteri. And, gentlemen, any way you want to do this.

MR. BUSA:

Good morning everyone. I would like to start off, I guess, with an

introduction of US Web, who we are and how we began and where we are going. Mr. Pellitteri will fill you in on some of the new things that we are trying to create as far as why we're here today.

US Web began in 1985. I am the founder, and as they said, President and CEO. I started the company as a sideline for myself. I work for a Chicago printing company. By the way, we are a printing company, printing and mailing. And I started my career as a sales representative for a Chicago printing company and I've worked there for a number of years.

There became a need, I thought, for some local web printing, which is large volume printing from a •• basically a press that feeds from a roll of paper, and that's where the term web comes from. And I started this local facility with five people doing some local work. Didn't intend to end at this •• or be at this crossroad 20 years later, but happily enough, it grew from five people to 300 people today, and each year in the beginning we sort of doubled our sales. The first year of sales being around \$2 million and the second year doubling that and so on and so forth.

And again today, we are a \$45 million company, and of course we are proud of that and proud of all of the people that we have in our employ. We're still growing. We have some new significant factors that will continue our growth. We have •• we have just recently in the last two years grown our company between 20 and •• about 15 to 20% and we feel that or we strongly feel that this will continue and grow into a larger facility.

The type of work that we do here in Huntington, and I'm sure that a lot of folks that have mailboxes, which is most of us, are familiar with the kind of work that we do. We are producing mail for major companies such as

American Express, City Bank, and Chase Bank with many publishing companies like Conde Nast and Harlequin Books, to name a few.

We produce large quantities of mail in the neighborhood of about 100 million printed pieces a month. And I think the number is more than that actually, I'm sorry, but that's an old figure, but that's big enough, I guess. And we are •• our work is very familiar. I've brought along samples so that the members of the Legislature can see exactly what we're doing. And we are, again, in a growth mode, and I would like to at this point turn this over to Mr. Pellitteri, who can give us a better view of what our future looks like. Thank you very much.

MR. PELLITTERI:

Good morning. I'm Vinnie Pellitteri, a retired Chase banker and now consultant to US Web. John and I did not deal with each other at the bank so it wasn't born from that, but we were friends for several years. John and his partner Charlie Lauricella asked me to come in when they began to recognize the growth potential that they had and some of the constraints that they were up against.

Some of the those constraints, and maybe obvious to you folks and maybe not, but many of their competitors, and I would say most of their competitors, are out of state. Their customers are not drawn to US Web because of its location, they're drawn to US Web because of the quality of the work they can produce and the price that they can offer. Our competitors outside the state have driven the pricing dramatically downward, and so the quandary was how do we take US Web to the next level, but remain profitable and stay on Long Island.

Luckily, I went to a {LIFT} seminar which opened my eyes to all the possibilities that existed within New York State and since that time, based on a \$5 million worth of capital investment this year alone, the Empire State Development Corp has given us a grant, a Manufacturing Assistance Program Grant for \$400,000 to help us with even furthering investing into the company. And then we learned about the potential for being an Empire Zone, even though we weren't physically in an Empire Zone.

And, by the way, we happen to be right next door to Telephonics. We didn't know that at the time that they were a regionally significant Empire Zone.

So we began to investigate are there ways for us to stay on Long Island, grow this business, grow the economic opportunity for Suffolk County that we provide in terms of the jobs that exist in the company and remain competitive without moving out of the state. And we did come to the conclusion that that's a real possibility for us and we'd like to give that a go. We'd like to create jobs on Long Island. We'd like to continue to be a good partner in Suffolk County and become an Empire Zone where we will have some of the benefits for the company and some of the benefits for the community. So that's where we are today and that's why we're here.

CHAIRMAN HORSLEY:

Thank you very much.

MR. MORGO:

Mr. Chairman, before your questions, if there are any. I want to state for the record, I should have done this at the beginning, that on July 28th of 2006,

the Zone Administration Board, the Empire Zone Administration Board, voted unanimously to accept US Web's application as a regionally significant project. That was the first step. That's been completed. Now we're getting •
• this Local Law would be the next step.

CHAIRMAN HORSLEY:

Thank you very much. I understand that one of the requirements is that you have to create 50 jobs?

MR. MORGO:

Correct.

CHAIRMAN HORSLEY:

And that's regionally significant. That's great. Is there anything else that you'd like to ••

MR. PELLITTERI:

If I might just point out. Since we first started talking about this we've created over 50 jobs and we see the next 50 coming relatively quickly.

CHAIRMAN HORSLEY:

That's good news. Thank you very much, guys, for your presentation. May I pass this to Legislator Montano.

LEG. MONTANO:

Thank you, Mr. Chair. Actually, you just answered the question I had with respect to the 50 jobs. What I'm understanding is that this will enable you to create 50 additional jobs. Is there a requirement that you maintain those jobs for a certain period of time and what is that requirement?

MR. PELLITTERI:

I believe it's five years.

MR. MORGO:

It is five years.

LEG. MONTANO:

Five years. Thank you. Appreciate that.

CHAIRMAN HORSLEY:

Okay. Thank you very much, Legislator Montano. Legislator Cooper.

LEG. COOPER:

I haven't seen the fiscal impact statement for the resolution, but what is the size of the property tax exemption that you requested?

MR. MORGO:

It's under 485E, Jon, and it's based on a term. One of the things about the Empire Zone that each taxing jurisdiction has to approve opting in. So usually the •• it's in the first year 70% real estate exemption, that's on all levels, County, town, fire district, and then it decreases to so much so that after the seventh year it disappears.

LEG. COOPER:

So do you •• does anyone know offhand what the ••

MR. MORGO:

What the amount is? I don't.

LEG. COOPER:

Because I'd be curious to find out what the impact would be for Suffolk County in losing this tax revenue for seven years or what have you.

MR. PELLITTERI:

At the moment our application says zero since we don't own the building. We

pay the taxes through the rent.

LEG. COOPER:

So then what would change?

MR. MORGO:

Well, I think that the landlord would be able to apply. But, remember, each jurisdiction opts in and all •• they get other benefits, though. They get employee tax credits, they get other benefits that would not have an impact on their real estate taxes.

LEG. COOPER:

So Suffolk County would have to •• Suffolk County would have to opt into this.

MR. MORGO:

Yes.

LEG. COOPER:

So we have to make a separate decision later on whether we want to grant a Suffolk County property tax exemption and •• but the local school district would decide whether they want to grant a ••

MR. MORGO:

That's right.

LEG. COOPER:

And what would •• I mean, what incentive would there be for the school district to grant •• I'm not sure how this works.

MR. MORGO:

Well, this is, for one thing, think about it, the school district keeps the real estate taxes that it's currently collecting. This is, again, only for the expansion. But also, probably more important, that there's a term, and after the term the real estate taxes would increase.

Mr. Pellitteri said this rather subtly, but there has been efforts to lure US Web to outside of Suffolk County, actually outside New York State. So it really would •• by agreeing to the 485E abatement, they ensure that they keep these commercial real estate taxes.

LEG. COOPER:

I mean •• as you know, I run my own manufacturing company, but not as big, I don't think. We have about 175 employees and sales of about \$35 million. And we also get solicited all the time to move, either other parts of New York State or to other states. I just never do it because of my loyalty to

our local employees and •• but I understand, it's a business decision. But I do want •• I wanted to find out what the fiscal impact would be for Suffolk County before I thought about signing on to this.

MR. MORGO:

I think Mr. Busa can give you a rough number. And remember, you're not going to be voting on this today. It's a Local Law.

LEG. COOPER:

I understand. Right.

MR. BUSA:

From what I understand, the real estate taxes are approximately a dollar a square foot, and that would be about \$100,000 a year. But I haven't seen that number because we pay it through the rent and I've seen some increases, part of our lease, nothing real significant. So 100,000 give or take 20%.

LEG. COOPER:

Okay. Thank you.

MR. MORGO:

On a large issue, and something that I know Chairman Horsley has looked at

a great deal, this really speaks to the issue of incentives to keep specifically manufacturing in Suffolk County. The Empire Zone benefits are really not as great as the Industrial Development Agency benefits which is under 485B. So it's something you have to look at if we do want to keep manufacturing, if jobs are important to us, if this economic activity is important to us.

CHAIRMAN HORSLEY:

May I add just quickly, this is new construction, right, this addition to the building, this add-on to the building? Is that what's happening?

MR. PELLITTERI:

There will be new construction. It has not begun and won't begin until we've figured out where we're going with our business and get the permits and ••

CHAIRMAN HORSLEY:

Right, I understand that. Just so you know, by right, under 485B the State •
• the State will alleviate 50% of your taxes and that's across the board. And that's by right, so that would also be figured into that figure.

MR. MORGO:

No, you'd have to apply to the IDA.

CHAIRMAN HORSLEY:

Well, you'd have •• but they have by right to apply and they would have to accept that.

MR. MORGO:

That's right. There is not that opt in ••

CHAIRMAN HORSLEY:

Don't forget that, guys.

MR. MORGO:

You're right. Under 485B the different jurisdictions don't opt in.

CHAIRMAN HORSLEY:

Right. That's exactly right.

MR. PELLITTERI:

And the five million dollars I was talking about in investment was in plant equipment this year.

CHAIRMAN HORSLEY:

I understood it. Thank you. Legislator Barraga, did you have a question?

LEG. BARRAGA:

Yes, I do. The State of New York has greatly expanded Empire Zones throughout the entire state, and I think it was to control •• and they've been around for a number of years, did a report about a year ago indicating that in a number of cases the companies that were part of Empire Zones, several companies, quite a few as a matter of fact, never created the jobs. They may have committed to 50 or 75 or 100 jobs, but they just didn't create them. Or the jobs were created but as they created say 50 new jobs over in this department, 50 other jobs were transferred to another state or out sourced, yet the company said we still created 50 jobs.

I'd just like to have a better of understanding of the criteria to make the determination that US Web truly creates 50 jobs. If they have 1,000 employees, do you expect them, Jim, to have 1,050? And is there a timeframe associated with that?

MR. MORGO:

Yeah. What Chairman Horsley talked about previously, Legislator, is the •• sometimes there's confusion between the IDA and the Empire Zone. By bringing up the IDA you get that. The Comptroller Hevesi's recent audit was on IDA's and there were the kinds of findings that you talked about, particularly Upstate.

To answer your question, to answer your question specifically, under the Empire Zone, every year the Empire Zone, no matter if it's Islip's or Brookhaven's or ours, has to do an annual report. One of the requirements now is that if there are any new businesses, either within the Zone or like this outside of the Zone, we have to give a report on the jobs and the investment. So every year there is a yearly check and the benefits can be withdrawn.

LEG. BARRAGA:

Okay.

CHAIRMAN HORSLEY:

Okay. Are there any further questions? Oh, Ms. Nowick, I'm sorry.

LEG. NOWICK:

I'm just trying to understand. You said there's a \$100,000 savings in real estate taxes, but you •• that you don't see it because the owner of the building saves •• is that who saves it, the owner of the building?

MR. MORGO:

Yeah, and presumably, though, that will be passed on to them.

LEG. NOWICK:

That was my question.

MR. MORGO:

But Legislator, it's not 100,000, it's a percentage of that. And they very well could be a payment in lieu of taxes, a pilot paid. So it really is one of the things that's worked out in negotiations.

LEG. NOWICK:

And that's the hundred thousand without including the school taxes? Or is that total?

MR. MORGO:

I think that includes the school taxes.

MR. PELLITTERI:

All up with school taxes about 150,000, part of that school and part of that ••

LEG. NOWICK:

And that's if they opt in.

MR. MORGO:

Yeah.

MR. PELLITTERI:

That's right.

LEG. NOWICK:

Thank you.

CHAIRMAN HORSLEY:

Okay. Are there any further questions?

LEG. COOPER:

I'm sorry, just one more. Is US Web a publicly held or privately held?

MR. BUSA:

I'm sorry?

LEG. COOPER:

Is US Web a public corporation or is it privately held?

MR. BUSA:

It's privately held. I own 75%, Charles Lauricella owns 25%. And may I address the question regarding does the landlord •• would the landlord save or would we save. The landlord would certainly pass that along to us because he has an incentive to continue to rent his building to us. And I think we sort of discussed that already with the landlord.

LEG. NOWICK:

Good move.

CHAIRMAN HORSLEY:

I know under IDA law that's required, so I can't imagine that he would not do that. Anyway, is there any further questions? All right, gentlemen, thank you very much. Good luck with the venture. This is quite a little sideline you've produced, just for an offhanded comment.

MR. BUSA:

Thank you.

MR. MORGO:

Wayne, I haven't been to their business, but many of my colleagues have, and they say it's very impressive. Maybe we could go.

CHAIRMAN HORSLEY:

If you take a tour I'd love to go.

MR. MORGO:

Okay.

MR. PELLITTERI:

We'd love to have you.

MR. BUSA:

Yes.

MR. MORGO:

The only other resolution, Ladies and Gentlemen, that I want to speak about is 2022.

CHAIRMAN HORSLEY:

Okay.

MR. MORGO:

That's a use of the Francis S. Gabreski Airport by the Boy Scouts. The resolution is before you. If you have any questions, the airport manager is here. The Boy Scouts have a program this year honoring the military, working with the military, and because of the 106th United States Air Force National Guard Rescue Unit being at Gabreski, they petitioned us to use their •• to use our airport. Legislator Schneiderman worked with this to sponsor this resolution, and the department is now comfortable with it.

CHAIRMAN HORSLEY:

We love the Boy Scouts.

MR. MORGO:

Okay.

CHAIRMAN HORSLEY:

Okay.

LEG. NOWICK:

What's wrong with the Girl Scouts?

CHAIRMAN HORSLEY:

We love the Girl Scouts. Okay. You know what I'm going to do first is •• I understand that our presenters are setting up their presentation to us, which I think is going to be very interesting. So what I'm going to do first, and one of my fellow Legislators have asked me to do this, is to take the agenda first before we move into our presentation. Okay. Tabled prime.

Tabled Resolutions

1747, Adopting Local Law No. 2006, A Local Law to establish the Gabreski Airport Conservation and Assessment Committee.

LEG. COOPER:

Motion to table.

CHAIRMAN HORSLEY:

Motion to table by Legislator Cooper. Seconded by?

LEG. MONTANO:

Second.

CHAIRMAN HORSLEY:

By Legislator Montano. All those in favor? Opposed? So moved. **(Vote: 5•0•0•0).**

Tabled Memorializing Resolutions

M031, Memorializing resolution in support of replacing LIPA's appointed Board of Trustees.

LEG. COOPER:

Motion to table.

CHAIRMAN HORSLEY:

Motion to table by Legislator Cooper. Second by Legislator Montano. All those in favor? Opposed? So moved. **(Vote: 5•0•0•0).**

Introductory Resolutions

1994, Accepting and appropriating a grant proposal to the National Science Foundation for an NSF Scholarship in Science, Technology, Engineering and Mathematics Program (S•STEM) 100% reimbursed

by Federal Funds at Suffolk County Community College.

Motion to approve by Legislator Montano. Seconded by Legislator Barraga.

LEG. COOPER:

And put on the Consent Calendar.

CHAIRMAN HORSLEY:

And put on the Consent Calendar, yes.

LEG. MONTANO:

I'll make the motion •• yes, I'll amend the motion to put it on the Consent Calendar.

CHAIRMAN HORSLEY:

Thank you. Okay. We've got a second to place it on the Consent Calendar as well as an approval. All those in favor? Opposed? So moved. **(Vote: 5•0•0•0•0).**

1995, Accepting and appropriating a grant award from the New York

State Urban Development Corporation D/B/A Empire State Development Corporation (ESDC) for a Riverhead Downtown Educational Center project 100% reimbursed by State funds at Suffolk County Community College.

LEG. COOPER:

Same motion.

CHAIRMAN HORSLEY:

Same motion by Legislator Cooper. Seconded by?

LEG. MONTANO:

I'll second it.

CHAIRMAN HORSLEY:

Legislator Montano. All those in favor? Opposed? So moved. **(Vote: 5•0•0•0).**

1996, Accepting and appropriating a grant proposal to the Local Government Records Management Improvement Fund for a Records Management Project 100% reimbursed by State funds at Suffolk County Community College.

LEG. COOPER:

Same motion.

CHAIRMAN HORSLEY:

Same motion by Legislator Cooper. Seconded by Legislator Montano. All those in favor? So moved. **(Vote: 5•0•0•0).**

2022, Authorizing use of Francis S. Gabreski Airport property by the Boy Scouts of America for a "Camporee".

CHAIRMAN HORSLEY:

Motion by Legislator Barraga, seconded by Legislator Cooper. All those in favor? Opposed? Camporee away. **(Vote: 5•0•0•0).**

2006, Adopting Local Law No. 2006, A Local Law amending the Suffolk County Empire Zone Boundaries to include US Web Inc. (SCTM No. 0400•104.00•01.00•050.000).

CHAIRMAN HORSLEY:

Motion to table on that because we need a public hearing by •• I'll make that motion, second by Legislator Montano. All those in favor? That has been tabled. **(Vote: 5•0•0•0).**

Lastly, 2028, Adopting Local Law No. 2006, A Local Law authorizing the establishment of a Suffolk County Local Development Corporation for the purpose of development WI•FI Network in Suffolk County.

LEG. MONTANO:

We need a public hearing.

CHAIRMAN HORSLEY:

And we need a public hearing.

LEG. MONTANO:

Motion.

LEG. BARRAGA:

Second.

LEG. MONTANO:

Table for public hearing.

CHAIRMAN HORSLEY:

Table for public hearing by Legislator Montano, seconded by Legislator Barraga. All those in favor? We will have that tabled and we'll have our public hearing on Tuesday. **(Vote: 5•0•0•0).**

All right. I have just had whispered to me that, and I hope this is not a comment, that we have a technical difficulty with the presentation. Is that •• we need a couple of minutes to make adjustments? Where is our Winergy folk. Just a five minute break and we'll get back. Hang in there, gang, because this is interesting.

(The meeting was recessed at 10:09 AM and reconvened at 10:22 AM)

CHAIRMAN HORSLEY:

May I call all our Legislators back into session. Okay, we're all set.

All right. We'll call the Economic Development, Higher Education and Energy Committee meeting back in session. And I wanted to introduce our presenters today, which is a company called Winergy Power LLC and it's President, Dennis Quaranta.

Let me preface this just quickly. Winergy Power is •• has floated several months ago a plan to the public of putting windmills off of Plum Island as a test to see if wind power is a good alternative to •• as an energy resource for Long Island. And many of us on the Legislature have concerns about the wind power park that is being proposed off of •• off of Long Island by LIPA.

In particular in my instance, just my personal feelings, that right now the cost for the wind park are estimated, and this is at \$400 million to put the wind park off of Long Island, which I think will have a great impact on our ratepayers as well as \$40 million will be borne by LIPA for the transmission lines and when the installations are to be decommissioned, there are estimates of over \$100 million, which will be •• which will be borne by our ratepayers.

This is •• this comes to a great concern to me when we think of the amount of energy that will be created by the wind park, which is at most, and we'll be discussing this issue as we go along this week, of 140 megawatts of electricity, which is a small amount, in my mind, for a cost of upwards of a half a billion dollars.

Anyway, that being the case, that doesn't mean that wind power is a wrong selection. And so I have invited Winergy Power LLC to be here today to let the Legislature know of the •• of an alternative concept for wind power that is being promoted. I've asked Dennis Quaranta to come here and give us a presentation on what this •• what all this means and what is the proposal about. Dennis?

MR. QUARANTA:

Thank you. My name is Dennis Quaranta. I'm the President of Winergy LLC. I thank you for the Legislature •• Ladies and Gentlemen of the Legislature to let me give this presentation. I'm also a proud parent of a serviceperson who's actually •• my daughter is serving in Iraq. She's in the Fourth Infantry Division and she is five miles outside of Baghdad. This project is something that is very close to my heart because hopefully this is the beginning of helping the country move away toward •• from fossil fuels and to another source of energy independence.

Winergy has been around for roughly six years, so we're really not a new company, but I'll run through the presentation here and I'm sure you guys are going to have a lot of questions for me. My own project that we're

looking to do is a research and demonstration project, not a full scale commercial operation project. We're not looking to expand this project whatsoever, okay? What we're looking to do is address the impacts of what offshore wind really has to visual beaches, oceans, the environment.

One of the major problems that we know that LIPA is going through right now is the aesthetics of what these wind turbines are going to be looking for offshore. The turbines that we're looking to put offshore will be the same size as LIPA's turbines and maybe even possibly larger if we go to a five megawatt turbine. We are going to be close on shore over at Orient Point. We're about two•and•a•half miles off from Orient Point, but we're right off of Plum Island.

This project is a hundred percent privately funded. There's no cost to the taxpayers or ratepayers whatsoever. The cost of this project is totally borne by Winergy and any of the other partners that we could even be bringing in at a later date. We're working with people at Stony Brook University and we're looking to also bring in Brookhaven National Labs with us also to help us with the research that will be ongoing as the project is up and running.

Why offshore? Well, the main reason why you want to go offshore is because the wind is •• constantly blows offshore and the resources of wind are huge. You know, the price that you pay for wind is something that we don't have to worry about fuel adjustment surcharges, you know. It's always going to be that same cost and that's a very, very important thing. Wind is not new to offshore •• offshore wind farms are not new to the world. In Europe there is over 22 working wind farms that are up and operating over there. Some of those farms have been out there since I believe 1994, so this is not something that is new.

What we're looking to do on this project is to demonstrate, okay, and what's going to differentiate us from other wind farms, is we're looking to put a brand new technology out there that the world really hasn't seen yet. This technology that we're looking to do is what we're going to call a self-installing mobile platform. It's known in the oil industry as a jack-up barge. They say the technology for this is ten years off, but that really isn't the case. We own a company that's called Atlantis Power and we were developing •• we are developing this technology right now. We expect to be fully •• have all certifications and everything on this within the next year•and•a•half.

What this technology is going to do, okay, is enable us, once we show and prove it works, is to take the wind turbines that we're looking to build offshore and bring them 15 to 20 miles off shore and hopefully that will eliminate the viewshed. Will you see turbines at 20 miles offshore or 15 miles offshore? Yes, you will. People tell you that they're over the horizon and there is actually no viewshed. That's not the case. What you are going to see is something maybe an eighth of an inch tall on a crystal clear day and in the summertime there is not really that many days where it's really not that hazy out there. Maybe a day in October, but you would see something maybe an eighth of an inch tall because these turbines are large. If we use a five megawatt turbine that tip of the blade from the water is about 515 feet tall.

The area that we're looking to put this in is a 200 acre area off of Plum Island, and that's an area that is •• already has a lease on it and that lease runs to the year 2037. That is a fish farm. Winergy owns that lease, okay. I bought that lease back in 2002, and that site has already been permitted to do offshore fish farming and that's another operation that I'm in the process of getting up and running again. So at that site we expect to have dual purposes out there. We'll be actually raising fish out there and actually farming the wind or harvesting the wind.

As you can see, I want to go back one, where this is •• we're actually what would be considered south, that would be southeast of the Plum Island and those one, two, three is where we're looking to place the turbines. The water depth out there is roughly 15 to 35 feet deep. The two turbines that we'll put out will be on a monopole type foundation. That's the type of foundation that LIPA is talking about to do all their turbines on. And the third one, which would be the farther south, and that's in about 35, 40 feet of water. That's where we're going to put up the jack•up barge out there.

To give you an idea of viewshed, which is a, you know, is the major issue what everybody talks about. Well, as you see from the arrows there we're about 7.8 miles from Connecticut, a little over two miles from Orient Point, 7.7 miles from Ram Island, and 17.6 miles from the tip of Montauk.

Now, why this area was •• why we picked this area in particular, again, is viewshed. At the tip of Orient Point there you might have, and there's really not, but there's maybe five houses that have a view of where the turbines are going to be. They would be looking out their window and looking off to the right and what they would be seeing is a lighthouse that's out there and then they would be seeing the turbines after that.

On Ram Island there's about five houses also that have a viewshed and they would be also looking all the way to their right to be able to see that. You have two County parks there where nobody is. On Fisher Island there's the airport down at the other base there and all the homes are on the other end so there is no viewshed there.

Montauk Point on a clear day you'll see a few things. There's a few homes over there and Hog Creek Point there. It's another park so there is really no

homes over there. So as you see, viewshed, the largest viewshed of this is from Connecticut and it's really not from New York.

As you can see, that would be the view from Orient Point and that is, that photo would be showing exactly about how large these turbines are going to be •• look. We've had other visualizations done on this by companies that are experts in the business and their visualizations have come back smaller. I choose to put a larger visualization up because there is nothing better to say it is going to be this big and when they are built to come out and they'll actually be a little bit smaller. This way there's no •• nobody coming back and saying to you well, you know, you misrepresented this, you know. Our company is not looking to do that. We're very open.

You know, there's going to be things that we're going to be looking to do that's not going to make everybody happy, but we are proactive and, you know, we will answer all questions that are put to us.

This picture here gives you an idea of what a basic •• a turbine looks like on a monopile type foundation. You see how large these •• the spread is of the blades and that bottom piece on that foundation there is what's pounded into the subsurface and that's what holds up that turbine.

Around the turbines what is put so that you don't have erosion problems or scouring problems, you put scour pads down there and basically what you see is that there'll be •• each of the turbines and on the jack•up barges will have scouring protection so that we're not eroding any part of the subsurface.

This picture here is giving you an idea of what the base of what we call of the jack•up barge of the self•installing mobile platform is going to look like. This itself is a large object and it's a large base. By the time we go to deployment this is probably going to be a little bit smaller than what the picture shows.

Now, what makes us so different than everybody else is exactly how we're going to do this. The traditional turbines are brought out from shore and a monopile is actually pounded into the subsurface and then big, huge cranes come and the cranes actually mount the nacelle and the blades and everything on to the bases and that's how a wind farm is constructed.

Our construction technique is going to be a little bit different. What we're going to be doing is constructing everything on shore. We will have two ports that we're looking at right now, one being in Quanduck, Rhode Island, and another one called Logistics right off of Connecticut, right next to the submarine base over there. And what we will do is we'll actually build these on shore where we'll mount the turbines on to the jack•up barge and that jack•up barge will be floated to the proper location and at that time it will be deployed.

That gives you a good idea of what it will look like once it's up in the water. The height of the bottom of the jack•up barge so the water level will be anywhere from 25 to 40 feet outside of the water and then a turbine will sit on top of that.

The cable run that we're looking to do on this wind farm is we have to cable to shore. We are not going to file the cable that runs from Plum Island right now to Orient Point, but we would do a different cable run. We would come out from Plum Island and hook into the LIPA substation. Everything would be

what we call jet plowed into the subsurface and we'd be anywhere from four to six feet deep. And as we come on to shore we would actually be deeper there. We'd probably be somewhere between 25 and 30 feet deep. No disturbance to any eel grass or anything like that, and we'd come right up on shore and hook to the LIPA grid over there. That's the area basically where we'd be coming into, so there's not a pretty site over there, but that's basically where the substation is over there.

And you see that's basically how the cable would run. It would be, again, it would actually •• that would be jet plowed underneath. The people that would need to get permission from over there to cross their property is Cross Sound Ferry over there. They own that property. And once we're out to public comment we'll approach them about an easement to get into there. That gives you an idea of what the boat looks like that would lay the cable and that's a good shot of what the cable looks like.

Now, why, you know, this project is important is because it's basically a demonstration project. And what we're looking to do is show the regulatory community and the people and the universities and do the different studies to show what offshore wind farms are all about. The project's three turbines •• we're not looking to expand it to 10 to 15 to 20 turbines. That's not the case, you know. It's going to stay at three turbines, possibly if the five megawatt turbines are ready at that time we'll reduce it down to two turbines.

The reason why even if we wanted to expand the amount of turbines there we can't do it because the grid out on the east end can't take that kind of power. The grid out there is good for 11, maybe 12 megawatts of power. If we put three sixes we're going to be bringing in about 10.8 megawatts of power. A small project like that, to give you an idea, will save 68,000 barrels of oil a year. That will be running roughly about 45 percent of the time. We should save •• we should be able to power about 4,000 homes.

Just so you are aware that, you know, again, this whole thing is being privately funded. Our partners are a small company called J.P. Morgan Partners so we have the wherewithal to get this done and no way are we going to be looking for any kind of public funds other than if, you know, if we go out there and get some kind of grants or federal grants or this or that. But we're not looking to ratepayers or anybody else to fund this project.

We feel it's important to get this done as soon as possible, and there's a reason why we're doing this, you know. We're not in the business here to just install three turbines out there. This is not a money making project. This project is not going to make oodles of money, you know. If the project has a rate of return of four to six percent, that's going to be •• that's going to be large. Okay? There's a lot of risk in this project, you know. Why are we doing two monopiles and one jack•up barge is because, you know, if that monopile didn't •• if that jack•up barge didn't work, which we're really not concerned about, at least we are not out the \$26 million that it's going to cost to build this project.

But the real reason for this is to show that •• to show this new technology and to prove this technology, and then our goal is to site and build large wind farms 15 to 20 miles offshore. Those wind farms we're going to be looking at to put up 200 turbines out there. We're going to be looking to deliver into the grid anywhere from 700 to 1,000 or a gigawatt of power.

The first project we'd like to do is going to be off New York City. We've spoken to New York City Economic Development Corporation and they're very, very interested in it. They've already sent a letter down to Minerals and

Management Services and said that we'd like to see the project move forward. By showing this and proving that we can do this, you know, we'll start a permitting process with Minerals and Management. They are not accepting any applications for offshore projects until not this coming September, the following September.

What we will be doing is gathering the information and doing all the studies and all the tests and everything, and by the time they're ready to accept applications in September we will hand them an application that will be about 80 or 85 percent complete and it will be our goal in 2000 •• sometime in 2008 to receive the first permit for the large off shore wind farms that we're looking to build.

The areas that we're going in are going to be much, much different than anybody else has looked at. We are going to be looking in areas that are in between shipping lanes. Why do we want to go in between shipping lanes? Well, the reason for that being is that commercial fisherman don't or are not allowed to fish in between fishing lanes. When you are 15 miles out you kind of eliminate a lot of other issues that are out there. We'll eliminate issues of birds, you know, birds don't fly that far out. Most birds fly three to five miles offshore. You don't see a lot of birds at 15, 20 miles out.

Also, the areas that we're looking in have much greater water depth. We're going to be in waters out there of 100 to 150 feet. And again, that has not been done in the world yet but we feel that we have the technology, we will prove that technology, and we're looking to be the first in the world to install these turbines in deep water.

CHAIRMAN HORSLEY:

Okay. Thank you very much, Mr. Quaranta, for your enlightening presentation. I didn't expect that you were going to go into your future plans today, but I think that it's good to put that out on the table.

MR. QUARANTA:

Well, I just don't think it would make sense that and, you know, that anyone would believe that why would someone do three turbines and not make any money on it and what is the reason for it, you know. The goal is to build a large wind farm. But when we build them again, again, that will be no cost to ratepayers, you know. That's power that goes into the grid and sold into the grid.

Now, I will say and I'm sure one of the questions are well, is that going to save us money, are we going to save money, you know, with that power. We can't regulate what the utility charges for the power that they buy. So for arguments sake if we sell that power into the grid at eight or nine cents a kw and whoever is the buyer of it, be it Con Ed or KeySpan or LIPA or whoever that utility is, you know, there's no saying that, you now, that they're not going to charge the 18, 19 or 20 cents a kw that they do charge.

But what it can help with is that they got a contract on power at a certain price and we are not, you know, subject to fuel adjustment surcharges. You know, our power is going to be constant and that's going to be the price of that power. So that also helps them of what they can •• the end user that •• what they're going to charge the ratepayer.

CHAIRMAN HORSLEY:

This proposed wind farm off of New York City that will be 12 miles out, do you anticipate that that power would go to National Grid, KeySpan or would we •• or are we talking about this would be a Con Ed connection?

MR. QUARANTA:

We would hook in there and we've already done studies into Con Ed in an area that's called a J•zone. It's an area that is very deficient on power. We all know that Con Ed during this heat spell went through some major problems in the Queens area. The cable area that we're looking to hook into, they had intentions of upgrading that cable in 2020, but with all the problems that they've had, they are going to have to do major upgrades in that area right now in 2009, 2010, and that fits right into our plans of the area that we want to go into. So it might be a venture with them that we'll also participate in upgrading the cable with them so we can take that large power.

Our second site that we'd be looking at, would be the next site, would be off of Long Island and that site would be almost 20 miles off of •• roughly somewhere off the Jones Beach area.

Now, I can't give you specific sites because when we do our application with Minerals and Management we're going in for 25 sites. Now, why 25 sites, okay, you say why so many sites? Well, the reason is, is when you submit your application you need alternatives, okay? So when •• we don't have a •• any site that we particularly love. The site that we're going to love and fall in love with is the site that Minerals and Management and the agencies that are going to do the permitting say that's a good site. So when you go in with all these different sites you have your alternatives. So it is this site or that site or this site or it might be a combination of two or three sites that they group together and they say that is the best area for you to place this wind farm.

CHAIRMAN HORSLEY:

Can I ask a question on that, if I may, Dennis, on the alternative sites? One of the comments •• one of the questions that I had of LIPA is that they did not seem to elaborate on what alternative sites that they are required to place the wind farm as part of the Minerals process. Do you •• do you see that you are going to comply with that •• with that requirement, that you do provide alternative sites, and did you •• just as an offhanded comment, did LIPA do this? I mean, is that's something that •• because there is a difference between your two proposals.

MR. QUARANTA:

Well, LIPA in their proposal said one of their alternatives was not to do the project, which is an alternative. What they're going to have to do and what's happening also with the other company, Cape Wind, is they have to go through another whole full EIS because they didn't supply alternative sites in the water also. Their alternative also was ••

CHAIRMAN HORSLEY:

That was my point, yes. In other words, they didn't do this.

MR. QUARANTA:

They didn't do that. So will they have to do it? Yes, they will.

CHAIRMAN HORSLEY:

They will have to in the future.

MR. QUARANTA:

They will have to in the future.

CHAIRMAN HORSLEY:

Even though this project is scheduled to go online within how many •• what, we are talking about the next several years.

MR. QUARANTA:

Well, you know, as somebody in the industry right now and I've been around for six years and I'm not a utility person so I don't want to sell myself as that, but I probably know as much of offshore wind as anybody out there. It's not going to be up and running in two years. There's a lot of work to get done. If I am to get my permit for Plum Island tomorrow, I am two years away before I can put those turbines out there. So, you know, the time factor and the lag between the issuance of that permit and building those turbines is a long period of time.

And to give you an idea, when we're looking to put 200 turbines out there, okay, when we're looking to do 200 turbines out there, that's a process that's going to take four years. We're only going to be able to deploy 50 turbines a year, and that's with putting them on the jack•ups and deploying them and, you know, getting them in set and this and that. And the turbine manufacturers right now don't have that many offshore turbines. It's still a

growing industry.

CHAIRMAN HORSLEY:

And the other question I have, and I know Ms. Nowick also has questions as do others, the jack•up process which allows you to go out into much deeper waters, could you give me like a bottom line to the ecological differences of putting a jack•up, which I know is furthered, the visual issues and stuff like that are not of issue, but the ecological issues. It seems like you'll be doing less disruption to the ocean bottom by using the jack•up process versus what LIPA is proposing with the monopoles. Is that true, is there a difference ecologically?

MR. QUARANTA:

The difference was you're going to do with the two of them is the monopile is a large pile. It's 18 to 19 feet in diameter, and when they do the installation of that they take a huge barge out there and a crane out there and pound it into the subsurface. So at that time when it's installed you are doing some destruction to the surrounding area and you're scaring the fish off and there will be some fish that will be caught in there. Is it a major impact on the environment? No, because after a couple of weeks everything is back in the area.

With the jack•up barges it's a little bit different. Those base poles are roughly about nine feet in diameter. They're not pounded in. Basically they gradually sink in, okay, and the bases of these will be filled with sand to make them even heavier. So the big difference on it and one of the positives is that when we move to our jack•up barge technology, when it comes time for decommissioning, how a monopile is decommissioned normally is that they're going to have to go out, cut these piles about six feet below the

service, topple it, bring the pile back as use it as scrap metal. In our case when we decommission, what we'll do is actually take the sand out of the legs, pick up the legs, and float the barge back in. So the decommissioning process is a little cleaner and neater and less harmful to the environment that way.

CHAIRMAN HORSLEY:

Yeah. That question, the •• my understanding is that in the LIPA proposal, that the decommissioning process would be borne by the ratepayers, which have been estimated upwards of \$100 million to decommission the 40 windmills that are being proposed. And this would be a major cost difference at the end of the day for ratepayers. It seems like an obvious statement.

MR. QUARANTA:

Our decommissioning process is totally borne by us. We'll have to supply an environmental bond that will be out there just in case for some reason that the company went away, that bond will still pay for the decommissioning of that project because it's a privately funded company.

You can get a quick look. This is as true if not maybe 20% actually larger than it actually is. That's what turbines are going to look from shore. When you get to that 20 miles you probably can't even see it because it's almost like a hazy day there, but that is actually a picture on a clear day. That's a visualization and that's a pretty true visualization of what these offshore turbines are going to look like.

CHAIRMAN HORSLEY:

All right. Thank you very much. I have other questions, but I know my colleagues would like to also ask. Ms. Nowick.

LEG. NOWICK:

I just wanted to ask a quick question because we have a meeting starting at 11 here. You said you have to get permits from the •• what was the •• Minerals and ••

MR. QUARANTA:

Minerals and Management on the large site.

LEG. NOWICK:

Minerals and Management.

MR. QUARANTA:

Minerals and Management Services. They have taken over the permitting from the Army Corps of Engineers on the Energy Act of July of 2005. So they are the lead agencies. Why it went to Minerals and Management was because they are the people that have gone through the permitting process for all offshore drilling and everything like that, and being that this is an offshore thing, they're more familiar with it.

LEG. NOWICK:

My question, then, to you is since we are now a nation that suffers with the cost of energy and we are looking for so many alternatives, and I don't know, I'm not seeing a downside here although maybe there probably is one. Why, then, do they not take permit requests for another year and two months? Are they overloaded with •• you said they won't take it this, but it's next September?

MR. QUARANTA:

Next September, right, because they had to write all the laws and regulations and they're still in the process of doing that. And what the concern is that someone is going to come in and jump the boat and they are going to get sued and that's always a problem. People are going to hit them with lawsuits, that they did it before they were ready for this and this and that. So they are a year away •• they expect the regulations and rules to be finished come next May. Then it still has to go through a review process with all the attorneys, and then they are figuring come September that they're ready to go.

LEG. NOWICK:

So then permit process is September. By the time this •• if the permits should be approved, you're talking three years from then.

MR. QUARANTA:

We're talking if we're successful in what we're looking to do, we would pull a permit in 2008; we'd be looking at building in 2010. Now, a gigawatt of power out there or 200 turbines we're looking at saving 20 million barrels of oil a year, but that's roughly what we use in one day. But it's a start.

LEG. NOWICK:

Thank you.

CHAIRMAN HORSLEY:

The LIPA •• LIPA's able to move forward with the wind farm project because they •• because they preempted the process, because they moved forward before these rules and regulations are in place?

MR. QUARANTA:

LIPA still has to go through Minerals and Management and they still have to •
• they still have to go through their permitting process. Even though that they've jumped the gun on it and they, you know, they are grandfathered in, they still have to •• they went through the Army Corps of Engineers, but the final approval will still come through Minerals and Management.

CHAIRMAN HORSLEY:

The final approval does, but do they have to jump through the same hoops that you have?

MR. QUARANTA:

They're still going to have to do a lot of the same things. Their application is ••

CHAIRMAN HORSLEY:

Including the alternate sites and things like that?

MR. QUARANTA:

Right. Their application has been accepted, so they can go through the process and they will go the process. That's what the difference is.

CHAIRMAN HORSLEY:

Legislator Cooper.

LEG. COOPER:

I've never been to Plum Island, but can you confirm my understanding that there is no local resident population, human population?

MR. QUARANTA:

There's no human population. There's a lot of diseased animals out there. They do the mad cow disease out there, they do the avian bird flu, and like that. The total population from that Island comes over there by boat every day and they leave every night and there are a couple of security people that are there and that's it.

LEG. COOPER:

And any idea why it is that LIPA did not consider, unless you addressed this and I missed it, why LIPA did not consider this location as an alternate site considering that they face so much local opposition to their proposal? This does on the surface seem to make some sense.

MR. QUARANTA:

LIPA didn't consider this site. It's their claim that there's very little wind there, but that's a class five or class six wind there by studies that we've done.

LEG. COOPER:

And how does that compare to the location that LIPA has proposed?

MR. QUARANTA:

The same. It's the same wind field. And, you know, again, it's a small project so, you know, nobody wants to look at anything that small. But just to give you an idea, that's how the offshore wind farms were started in Europe. They started with two and three turbines and there's a project that was built in Nice and that project has 72 turbines. That's the largest wind farm in the world right now. Horns Rev has 160 turbines out there.

LEG. COOPER:

And if your project didn't move forward first, would it be the first of its type

off the United States?

MR. QUARANTA:

This would be the first offshore project in the United States, yes.

LEG. COOPER:

Okay. Thank you.

CHAIRMAN HORSLEY:

Legislator Fisher.

LEG. VILORIA • FISHER:

Thank you, Mr. Chair. You've answered a couple of my questions. I was concerned about the avian population, but you said that the distance would preclude damage to the avian life there.

MR. QUARANTA:

On the far out wind farms. Are there birds in the Plum Island area, yes, there are. There's a couple of fly away zones out there. Some myths on the birds. Nice, that has been operating with those 72 turbines for two years now, and in two years worth of time they have not killed one bird.

LEG. VILORIA • FISHER:

And you mention that you're working with SUNY Stony Brook. Is this the group that Yacov Shamash has put together working on energy and alternative energy issues?

MR. QUARANTA:

That's what our goal is. We've met with them three times already and what we're going to look for them to do for us is any of the studies and stuff on the biology side and things like that.

LEG. VILORIA • FISHER:

So you're working with the Marine Sciences Program as well as with the Economic Development with Yacov?

MR. QUARANTA:

Not with the Economic Development. We'll be mainly working on the marine study side with them.

LEG. VILORIA • FISHER:

With the marine studies. Okay. You've mention the European projects and I know that Denmark has been known for the use of wind energy. Have their wind farms also been built in this depth?

MR. QUARANTA:

No. The largest depth of water that any wind farm has been built •• there's one monopile that's been roughly in 68 feet of water. Other than that, everything has been in 60 feet of water or less.

LEG. VILORIA • FISHER:

Okay. You referred several times to the cable run going to the LIPA substation on shore. Where is that LIPA substation?

MR. QUARANTA:

That's basically right near where the ferry is. There's a parking lot there where the ferry is and ••

LEG. VILORIA • FISHER:

At Orient?

MR. QUARANTA:

Right, on Orient Point over there.

LEG. VILORIA • FISHER:

Okay. And you mentioned that there would be approximately 10.8 megawatts of power that would •• that could power 4,000 homes. Now, I'm just curious as to the process through which people would access that power. Would it be those customers, those of us who have bought into the green power, would they be the people accessing the power from •• I don't know how that would work on the grid.

MR. QUARANTA:

I'll briefly explain to you, real quickly. The electrons that are generated from the wind farm, they really don't know where they go.

LEG. VILORIA • FISHER:

Yeah.

MR. QUARANTA:

So when you put power into the grid and ••

LEG. VILORIA • FISHER:

But they know how much you're putting in.

MR. QUARANTA:

Right, and that's what it is. What they do is when they're selling green power

they are selling that quantity of green power that we're putting into the grid and that's what you are buying green.

LEG. VILORIA • FISHER:

Okay. So those of us who have opted into the green power, this would help to raise the number of megawatts coming in of green power and then perhaps it might help make it cost effective.

MR. QUARANTA:

And actually what we hope for, it offsets one of the other power plants on how much they're running.

LEG. VILORIA • FISHER:

Okay. Thank you. And thank you, Mr. Chair. I'm not a member of this committee, but I'm very interested. Thank you very much.

CHAIRMAN HORSLEY:

All right. At there any further questions from the committee? Just quickly, the jack•up process, is that your process? Is that something that is •• I know it hasn't been tested in deeper waters. You feel it's going ••

MR. QUARANTA:

The jack•up process has been tested in deep waters.

CHAIRMAN HORSLEY:

It has. Okay.

MR. QUARANTA:

I mean, that's how they do their exploration for the oil and stuff out there. They bring big jack•up barges out there and they do the drilling and this and that. The only thing that hasn't been tested on the jack•up process is actually putting a wind turbine on top of it. So the jack•up system is something that's been around for over 50 years.

CHAIRMAN HORSLEY:

Right.

MR. QUARANTA:

What hasn't been around is a turbine on top of it. We own that patent. We own the patent to put a turbine on top of that, and we own the company that is working on developing the turbine for the jack•up.

CHAIRMAN HORSLEY:

And you're fairly secure in your own •• obviously you wouldn't be putting these dollars into it unless you believed in it. Do you feel secure that even under hurricane situations and things like that the jack•up process, being

that you're so far out there and that this would be •• this is a viable alternative?

MR. QUARANTA:

We have to be certified by ABS, American Bureau of Shipping, and they certify 95% of anything that's out on the water. And they have to certify that we'll be able to withstand a class three hurricane out there.

CHAIRMAN HORSLEY:

A class three hurricane.

MR. QUARANTA:

Class three hurricane.

CHAIRMAN HORSLEY:

Okay. That's the system as •• four or five is ••

MR. QUARANTA:

Right.

CHAIRMAN HORSLEY:

All right. And lastly, do you look at this jack•up system and being farther out as a breakthrough in the development of windmill power as the future? And I reference this only because we're going to be spending a half a billion dollars on LIPA's project. Do you see this as the next generation, that possibly we're already beyond what we're proposing to put off of Long Island at three•and•a•half miles? It's a leading question, I know, but.

MR. QUARANTA:

Well, this is the next generation. This will not only be shown here in the United States as we do it here, we'll be selling these jack•ups all over the world because that's the big thing. You know, Europe, their continental shelf's a little bit bigger, but they would still like to go into deeper water.

What makes us different on this jack•up then everybody else, the cost of this jack•up is more than a monopile is going to cost to put out there, but your cost of deployment becomes a lot less, and that's where you make your savings up. And that's why this makes sense. It makes sense for the large wind farms in Europe and all over the world because they can put them in the deeper water.

CHAIRMAN HORSLEY:

And are they more easily taken down, I assume, because of the cost difference?

MR. QUARANTA:

Yes. You know, the worst case scenario when you had to do a retrofit on a turbine, you could actually disconnect your cable and float these things back in.

CHAIRMAN HORSLEY:

Pull one in and then go out by boat, right, from what I understand.

MR. QUARANTA:

Right. Get a tug boat, pull it in and put a whole brand new turbine on it.

CHAIRMAN HORSLEY:

All right. Are there any other further questions? Mr. Quaranta, that's very interesting and we're pleased that you came down here today to give us a little more detail on this proposal, and good luck to you in the future.

MR. QUARANTA:

Okay. Thank you very much.

CHAIRMAN HORSLEY:

Thank you. Okay. I'll •• motion to close •• adjourn the meeting.

LEG. NOWICK:

Motion.

CHAIRMAN HORSLEY:

Motion, seconded by Legislator Nowick.

(The meeting was adjourned at 11:04 AM).

{ } Indicates Spelled Phonetically